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SUBJECT: ARGENTINA: ENVIRONMENT SECRETARY EXITS GOVERNMENT

¶1. (SBU) Summary: Controversial Environment Secretary Romina Picolotti resigned on December 2, reportedly at the request of President Cristina Fernandez de Kirchner (CFK). Picolotti is replaced by Homero Maximo Bibiloni, an environmental attorney. Presidency sources quoted in the press stated that "waste, bad management and environmental blunders" prompted CFK to ask Picolotti to resign. Picolotti is being investigated for mishandling of funds. Appointed in 2006 by then-President Nestor Kirchner, she gained fame with her spirited opposition to the installation of a giant paper mill, Botnia, on the Uruguayan side of a shared river. This year, she became estranged from CFK when a bill she had pushed through Congress to protect glaciers in the south of the country was vetoed by CFK, allegedly to protect mining interests. Picolotti's patron was ex-Chief of Cabinet Alberto Fernandez, and her star apparently began to decline with his departure last August. It appears she was increasingly being perceived by new Cabinet Chief Sergio Massa as a liability for the government. End Summary.

Opposition to CFK's veto of law to protect glaciers

¶2. (SBU) Persistent rumors of Picolotti's impending resignation had swirled over the past couple of weeks, as news spread of her pique at CFK's veto of a law she had shepherded through Congress to protect endangered glaciers in Patagonia. Picolotti was criticized at the time for having drafted and pushed this law without consulting with the local governors of the affected provinces or GOA Secretary of Mining Jorge Mayoral. Powerful gold mining and oil interests would have been affected by the law, which the governors strongly opposed. Casa Rosada officials, including Fernandez's replacement as Cabinet Chief Sergio Massa and his staff, collaborated with these forces to deliver CFK's veto. Picolotti reacted strongly to the veto, threatening to resign. Her vocal opposition to the veto was also reported in the press to have upset ex-President Nestor Kirchner.

¶3. (SBU) Argentine media offered very different explanations for her departure, including the malfeasance investigation, Picolotti's displeasure with the presidential veto of her glaciers protection legislation, and supposed Kirchner unhappiness with her handling of the Botnia protests. While one newspaper insisted that Picolotti was removed due to her failure to clean up the long-polluted Riachuelo River, the Director of the World Bank, which is funding the Riachuelo clean-up project, discounted this version. A close confidant of Picolotti in the Environment Secretariat told us that her relationship with the Presidency, and in particular with new Cabinet Chief Sergio Massa, had been deteriorating for some time, to the point where there were "irreconcilable differences" regarding "key elements of environmental policy", and it was "better to go." Graciela Gerola, President of the Environmental Protection Agency of the City of Buenos Aires, agreed that Massa saw Picolotti as a

liability from the very start and was determined to "get her out." Gerola added that Picolotti had not been a good appointment as Environment Secretary. She thought that Picolotti was too young and inexperienced for the position, with "fundamentalist" environmental views and no management background to speak of.

Gained fame in paper mill dispute

¶4. (SBU) Picolotti was appointed as Environment Secretary in 2006 and soon gained fame for her spirited opposition to the construction by Finnish company Botnia of a giant paper mill on the Uruguayan side of a shared river. Picolotti demonstrated along with the Argentine protestors who were blocking the bridge between Argentina and Uruguay and publicly pledged her support to their fight. Her husband also entered the fray when he revealed that some of the most extreme environmental protestors were suggesting that the Botnia plant be bombed.

Investigated for misappropriation of funds

¶5. (SBU) Picolotti's abrasive style and less than transparent handling of the Secretariat have come under increasing fire. She is being investigated for mishandling of public funds through the contracting of personal friends, use of private jets and unjustified purchases of real estate. The investigation is also looking into use of over \$200,000 of public funds that were paid to consulting companies belonging to close personal friends.
New Secretary: environmental lawyer Homero Bibiloni

¶6. (SBU) CFK's Chief of Cabinet Sergio Massa named Homero Bibiloni as Picolotti's replacement. Bibiloni is an attorney, professor and expert in environmental law. His main challenge will be to handle the \$780 million World Bank loan aimed at cleaning up the Riachuelo, a polluted river that crosses Buenos Aires and has become an open sewer for domestic and industrial waste. The World Bank loan will be used in Buenos Aires and in several municipalities along the Riachuelo in the Province of Buenos Aires. City of Buenos Aires EPA Chief Gerola told us that she had an excellent opinion of incoming Secretary Bibiloni, whom she characterized as a "first-class appointment" of someone who knows the issues.

¶7. (SBU) Comment: We tend to agree with the critical reviews of Picolotti's performance. She was not a particularly friendly or helpful interlocutor with this Mission. We will engage Bibiloni quickly to try to develop a more productive relationship with him.
KELLY